

Message Text

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PAGE 01 STATE 093132

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ORIGIN EA-14

INFO OCT-01 ADP-00 EB-11 COME-00 L-03 XMB-07 CIAE-00

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DRAFTED BY EA/ ROC: MEMCDONNELL: BDS

5/15/73 EXT 21321

APPROVED BY EB: WCARMSTRONG

EA - MR. BARGER

EA/ ROC - MR. MOSER

EB/ CBA/ OCA - MR. LAKAS

EB/ CBA/ OCA - MR. BUSHNELL

COMMERCE/ BIC - MR. WHELAN

L/ EB - MR. PRESSLER

EXIMBANK - MESSRS YOUNG/ BOSTWICK

----- 078256

R 161333 Z MAY 73

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E. O. 11652 N/ A

TAGS: TW, ETRD, ETEL

SUBJECT: COMPETING BIDS ON TELEPHONE SWITCHING EQUIPMENT

REF: (A) TAIPEI 2637; (B) STATE 85414; (C) TAIPEI 2709

1. DEPARTMENT IS SATISFIED THAT AWARD OF CONTRACT BY ROC TO GTE FOR SUPPLY AND INSTALLATION OF TELECOMMUNICATIONS EQUIPMENT WOULD RESULT IN SUBSTANTIALLY MORE EXPORTS OF US GOODS AND SERVICES THAN AWARD TO ITT. GTE REPORTS THAT TOTAL US EXPORT VALUE OF GTE PROPOSAL WOULD BE US\$51.4 MILLION OVER PERIOD 1975-1979. TOTAL COST OF GTE PROPOSAL IS ESTIMATED AT \$84.3 MILLION, OF WHICH LOCAL COSTS WOULD AMOUNT TO \$32.9 MILLION. EVIDENCE PROVIDED BY EMBASSY, GTE, AND ORALLY BY ITT INDICATES ITT PROPOSAL WOULD RESULT IN NO US EXPORTS.

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PAGE 02 STATE 093132

2. ALTHOUGH THERE IS SOME US BALANCE- OF- PAYMENTS BENEFIT WHEN AMERICAN MULTINATIONAL CORPORATIONS SOURCE ENTIRELY FROM THEIR FOREIGN SUBSIDIARIES, OBVIOUSLY GREATEST BENEFIT OCCURS WHEN ALL SOURCING OF GOODS AND SERVICES IS FROM US. ACCORDINGLY, DEPARTMENT AUTHORIZES AND ENCOURAGES EMBASSY TO GIVE FAVORED ASSISTANCE TO GTE.

3. CIECD INFORMED EXIMBANK APRIL 19, THAT ACCORDING DIRECTORATE GENERAL OF TELECOMMUNICATIONS, ROC INTENDS BUY NO EQUIPMENT FROM GTE AT PRESENT. IN VIEW OF FACT THAT DECISION ON MATTER NOW RESTS WITH EXECUTIVE YUAN (REF C), CIECD DECISION DOES NOT APPEAR FINAL. EMBASSY THEREFORE REQUESTED TO MAKE STRONG REPRESENTATIONS IN BEHALF OF GTE, STRESSING POINT THAT ELECTRONIC AUTOMATIC EXCHANGE (EAX) SYSTEM OFFERED BY GTE IS TECHNOLOGICALLY MOST ADVANCED AVAILABLE WITH HIGHER SPEED AND CAPACITY THAN ANY OTHER. EXIMBANK WILL BE IN POSITION TO CONSIDER GTE' S REQUEST FOR ISSUANCE OF PRELIMINARY COMMITMENT UPON RECEIPT OF CIECD CONCURRENCE PURSUANT TO OPERATING AGREEMENT.

4. SENIOR VP ROY C. MEGARGEL AND VP R. R. SANDERS OF GTE INTERNATIONAL WILL BE IN TAIPEI MAY 21 TO PRESS THEIR CASE WITH ROC AND WILL VISIT EMBASSY.

RUSH

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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